

Message Text

LIMITED OFFICIAL USE

PAGE 01 NEW DE 05912 261037Z
ACTION NEA-10

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-08 NSC-05
TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00
COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03
LAB-04 SIL-01 PA-01 PRS-01 /080 W
-----261130Z 122154 /21

R 260650Z APR 77
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 2941
INFO AMCONSUL BOMBAY
AMCONSUL CALCUTTA
AMCONSUL MADRAS

LIMITED OFFICIAL USE NEW DELHI 5912

PASS TREASURY AND FRB

E.O. 11652: N/A
TAGS: EFIN, IN
SUBJECT: EXECUTIVE CHANGES IN THE INDIAN FINANCIAL COMMUNITY

REF: (A) BOMBAY 789 NOTAL, (B) BOMBAY 865 NOTAL, (C) BOMBAY 940
NOTAL

1. K.P. PURI, WHO HAS SERVED AS GOVERNOR OF THE RBI SINCE AUGUST 1975, HAS BEEN ASKED TO STEP DOWN BY THE END OF APRIL. M. NARA-SIMHAN, SECRETARY, DEPARTMENT OF BANKING, MOF, IS TO SERVE AS ACTING GOVERNOR UNTIL I. G. PATEL RETURNS TO INDIA IN NOVEMBER AT THE END OF HIS TOUR AS DEPUTY ADMINISTRATOR, UNITED NATIONS DEVELOPMENT PROGRAM. AT THAT TIME, THE SPECULATION IS THAT NARA-SIMHAN WILL EITHER BECOME SECRETARY, DEPARTMENT OF ECONOMIC AFFAIRS (DEA), MOF OR INDIAN EXECUTIVE DIRECTOR AT THE IMF.

2. J. C. LUTHER, THE CONTROVERSIAL DEPUTY-GOVERNOR, WILL ALSO BE REPLACED. LUTHER JOINED THE RBI ON NOVEMBER 1, 1975 AS AN OFFICER
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 NEW DE 05912 261037Z

ON SPECIAL DUTY AND MOVED UP RAPIDLY TO BECOME AN EXECUTIVE DIRECTOR IN DECEMBER 1975 AND A DEPUTY GOVERNOR IN JANUARY 1977. HIS RESPONSIBILITIES INCLUDED BANKING OPERATIONS, CREDIT ALLOCATION AND FOREIGN EXCHANGE. MR. S. D. DESHMUKLI, ONE OF THE EXECUTIVE DIRECTORS, WILL TAKE OVER SOME OF THESE RESPONSIBILITIES PENDING A RESHUFFLE OF THE DEPUTY GOVERNOR'S RESPONSIBILITIES.

3. P.C. D. NAMBIAR, CURRENTLY MANAGING DIRECTOR, STATE BANK OF INDIA, WILL BECOME CHAIRMAN REPLACING T.R. VARADACHARY WHO ASSUMED THE POST LESS THAN A YEAR AGO.

4. R.K. TALWAR, WHO PRECEDED VARADACHARY AS SBI CHAIRMAN, IS BEING MENTIONED FOR THE JOB OF CHAIRMAN OF THE INDUSTRIAL DEVELOPMENT BANK OF INDIA (IDBI) WHICH IS TO FALL VACANT SHORTLY WHEN THE EXTENDED TERM OF ITS PRESENT CHAIRMAN RAGHU RAJ EXPIRES.

COMMENT: THE CHANGES AT THE RBI ARE NOT UNEXPECTED SINCE BOTH PURI AND LUTHER WERE CLOSE ASSOCIATES OF MRS. GANDHI AND LUTHER HAS BEEN TAGGED AS "SANJAY'S MAN". PURI AND LUTHER HAD BEEN CRITICIZED BY THE BANKING COMMUNITY BECAUSE NEITHER HAD ANY PREVIOUS BANKING EXPERIENCE. PURI HAD FORMERLY BEEN CHAIRMAN OF THE LIFE INSURANCE CORPORATION (LIC) AND LUTHER THE COMMISSIONER OF INCOME TAX IN NEW DELHI. THE BELIEF IS THAT THE RBI WILL NOW PLAY A MORE FORCEFUL ROLE IN MANAGING MONETARY POLICY. SPECULATION IS THAT THE BANKING DEPARTMENT IN THE MOF WILL BE MERGED WITH THE DEPARTMENT OF ECONOMIC AFFAIRS
SCHNEIDER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BANKERS, PERSONNEL APPOINTMENTS, REORGANIZATIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 26-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977NEWDE05912
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770145-0065
Format: TEL
From: NEW DELHI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770419/aaaaaprb.tel
Line Count: 83
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: cc8c1c9f-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 BOMBAY 789, 77 BOMBAY 865, 77 BOMBAY 940
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 24-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2691946
Secure: OPEN
Status: NATIVE
Subject: EXECUTIVE CHANGES IN THE INDIAN FINANCIAL COMMUNITY
TAGS: EFIN, IN
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/cc8c1c9f-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009